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April 5, 1993

RECEIVED
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Donna R. Searcy
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

RE: In the Matter of Expanded Interconnection with Local Telephone Company Facilities,
Amendment of the Part 69 Allocation of General Support Facilities Costs
CC Docket No. 91-141/CC Docket No. 92-222

Dear Ms. Searcy,

Attached are the original and five copies of the Opposition to Emergency Petition to Hold Proceedings in Abeyance in the proceeding referenced above.

Sincerely,

A handwritten signature in cursive script that reads "Jay C. Keithley".

Jay C. Keithley
Vice President
Law and External Affairs

Attachments

JCK/mlm

No. of Copies rec'd
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JCK

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

CC Docket No. 92-222

1. Carolina Telephone and Telegraph Co., United Telephone - Southeast, Inc., United Telephone Company of the Carolinas, United Telephone Company of Southcentral Kansas, United Telephone Company of Eastern Kansas, United Telephone Company of Kansas, United Telephone Company of Minnesota, United Telephone Company of Missouri, United Telephone Company of Texas, Inc., United Telephone Company of the West, United Telephone Company of Florida, The United Telephone Company of Pennsylvania, United Telephone Company of New Jersey, Inc., United Telephone Company of the Northwest, United Telephone Company of Ohio; United Telephone Company of Indiana, Inc., Central Telephone Company, Central Telephone Company of Florida, Central Telephone Company of Illinois, Central Telephone Company of Virginia, and Central Telephone Company of Texas.

Expanded Interconnection Order,² until after the Commission has completed a full investigation of LEC special access volume and term pricing plans and further asks the Commission to postpone scheduled changes in General Support Facilities ("GSF") cost allocation changes in CC Docket No. 92-222 until it has remedied the alleged excessive and discriminatory volume and term discounts in the LEC special access tariffs.³

MFS claims the terms of LEC's volume and term special access pricing plans produce discriminatory and predatory prices.⁴ MFS claims this alleged problem, coupled with potential LEC zone density pricing adjustments, could result in LEC price reductions in DS1 rates of almost 24 percent.⁵ MFS claims this results in the Commission effectively authorizing LECs to engage in below-cost predatory pricing.⁶

The solution to this alleged problem, in MFS's view, is to retain current LEC special access prices and to halt the GSF cost allocation changes until the Commission has investigated LEC volume and term pricing plans to the satisfaction of MFS.

2. Expanded Interconnection with Local Telephone Company Facilities, CC Docket No. 91-141, 7 FCC Rcd. 7369 (1992) ("Expanded Interconnection Order").

3. MFS at 1.

4. Id. at 2.

5. Id. at 8.

6. Id. at 9.

Of course, MFS does not suggest that the collocation portions of the Expanded Interconnection Order also be held in abeyance while the Commission completes its investigation. Rather, MFS seeks the full benefits provided MFS under the Expanded Interconnection order while concurrently seeking to withhold the few offsetting benefits that were to be provided the LECs as a method of achieving an overall competitive balance.

Review of the MFS petition shows its basic quest as one seeking an unfair competitive advantage in the transport market. MFS notes that zone density pricing "permits LECs to reduce high capacity special access rates by as much as 10% in the zones where they face the most intense competition."⁷ Yet, in the face of "intense competition" MFS seeks to force LECs to maintain fully averaged pricing so that LECs may not compete on the basis of price in these areas with "intense competition." MFS seeks to maintain a LEC price umbrella in urban areas under which MFS can price without facing LEC pricing responses. United dealt with this argument directly in previous comments and explained why MFS' proposal will not foster competition and it is not in the interests of the consuming public.⁸

7. Id. at 2.

8. See, Expanded Interconnection with Local Telephone Company Facilities, CC Docket No. 91-141, Reply to Oppositions of the United Telephone Company, February 16, 1993.

Further, on the merits of the MFS argument as it applies to United and Central, MFS has widely missed the mark. MFS boldly claims predatory pricing, discrimination, and excessive volume and term discounts by the LECs. MFS does not say some LECs, but makes this a general statement applied to all. The facts are that neither United nor Central offer term or volume discounts for special access. Thus, these claims as applied to United and Central are on their face false and unsupportable because neither proposes to combine volume and term discounts with cell density.

No Commission action should be taken to delay implementation of either zone density pricing or GSF cost allocation changes by United or Central. MFS's claims clearly, on their face, cannot be applied to either United or Central. Thus, no reason to hold zone density pricing in abeyance has been presented for United and Central. Further, GSF allocation changes have been found appropriate and supported. These changes should occur as scheduled so that prices may be closer to cost.

If the Commission seeks additional zone density cost support, United and Central believe that companies that desire immediate implementation of zone density rates should be allowed to do so with full cost support. This would resolve the problems with a painfully slow migration of prices closer to cost that are inherent in the Expanded Interconnection Order and would also remove the uncompetitive pricing umbrella that LECs must provide

until at least one party has reacted to this umbrella pricing opportunity by purchasing expanded interconnection services and constructing a duplicate transport facility.

Respectfully submitted,

CERTIFICATE OF SERVICE

I, Melinda L. Mills, hereby certify that I have on this 5th day of April, 1993, sent via hand delivery or U.S. First Class Mail, postage prepaid, a copy of the foregoing "Opposition to Emergency Petition to Hold Proceedings in Abeyance" In the Matter of Expanded Interconnection with Local Telephone Company Facilities, Amendment of the Part 69 Allocation of General Support Facilities Costs, CC Docket No. 91-141/92-222, filed this date with the Secretary, Federal Communications Commission, to the persons on the attached service list.


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